

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
Global Reseller Expedited Package Services 2
(MC2013-51)
Negotiated Service Agreements

Docket No. CP2020-181

ORDER APPROVING MODIFICATION TWO TO
GLOBAL RESELLER EXPEDITED PACKAGE SERVICES 2
NEGOTIATED SERVICE AGREEMENT

(Issued October 26, 2022)

I. INTRODUCTION

The Postal Service seeks to modify a Global Reseller Expedited Package Services 2 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of United States Postal Service of Filing Modification Two to Global Reseller Expedited Package Services 2 Negotiated Service Agreement, October 6, 2022 (Notice). The modification is an attachment to the Notice (Modification).

II. BACKGROUND

In Order No. 5566, the Commission approved the Global Reseller Expedited Package Services 2 negotiated service agreement (Existing Agreement).² On October 6, 2022, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement. On October 7, 2022, the Commission issued a notice reopening this docket to consider the Modification, appointing a Public Representative, and providing interested persons with an opportunity to comment.³

The Postal Service intends for the Modification to become effective November 1, 2022. Notice at 1. The Postal Service filed supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3035.105. *Id.*

On October 19, 2022, Chairman's Information Request No. 1 was issued.⁴ CHIR No. 1 asked the Postal Service to resolve certain discrepancies between the modification and the support financial documentation. CHIR No. 1, questions 1-3. The Postal Service filed its Response to CHIR No. 1 on October 21, 2022, resolving the discrepancies.⁵

III. COMMENTS

Comments were filed by the Public Representative.⁶ No other person submitted comments. The Public Representative reviewed the Modification and the financial

² See Docket No. CP2020-171, *et al.*, Order Approving Additional Global Reseller Expedited Package Services 2 Negotiated Service Agreements, June 25, 2020 (Order No. 5566). The contract was later modified. See Docket No. CP2020-171, *et al.*, Order Approving Modifications to Global Reseller Expedited Package Services 2 Negotiated Service Agreements, September 24, 2021 (Order No. 5987).

³ See Docket No. CP2020-170, *et al.*, Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, October 7, 2022.

⁴ Chairman's Information Request No. 1 and Notice of Filing Under Seal, October 19, 2022 (CHIR No. 1).

⁵ Response of the United States Postal Service to Chairman's Information Request No. 1, October 21, 2022 (Response to CHIR No. 1).

⁶ Public Representative Comments on Postal Service Notice of Filing Modification Two to Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, October 14, 2022 (PR Comments).

model filed under seal. PR Comments at 2. Based on that review, she concludes that the Existing Agreement, as modified, should continue to generate sufficient revenue to cover costs and satisfy 39 U.S.C. § 3633(a). *Id.* at 2-3.

IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Modification extends the expiration date of the Existing Agreement from October 31, 2022, to April 30, 2023, and revises the rates to be paid during that period. Notice at 1; *id.* Attachment 1 at 1-2. The Modification also modifies terms pertaining to postage payment, non-qualifying mail, and the obligations of the reseller. Notice, Attachment 1 at 1-2.

Based on a review of the record, the Commission finds that the Existing Agreement, as modified, should cover its attributable costs. Consequently, the Commission finds that the Modification should allow the Global Reseller Expedited Package Services 2 product to continue to comply with 39 U.S.C. § 3633(a)(2). For this reason, the Commission finds that the Modification should not result in competitive products as a whole being subsidized by market dominant products, in accordance with 39 U.S.C. § 3633(a)(1). Similarly, it finds the Modification is unlikely to prevent competitive products as a whole from contributing an appropriate share of institutional

costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Modification indicates it is consistent with section 3633(a). The Commission will review the cost coverage of the Existing Agreement, as modified, the cost coverage of the Global Reseller Expedited Package Services 2 product, and the contribution of competitive products as a whole to the Postal Service's institutional costs in the Commission's *Annual Compliance Determination* to ensure that they continue to comply with 39 U.S.C. § 3633(a).

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Modification shall become effective November 1, 2022. Notice at 1. The Existing Agreement, as modified, is set to expire April 30, 2023. *Id.*

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

V. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Reseller Expedited Package Services 2 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, April 30, 2023.

By the Commission.

Erica A. Barker
Secretary